

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 L-03 H-02 PA-02 PRS-01

AGRE-00 ITC-01 /078 W

-----150233Z 039208 /63

R 142111Z FEB 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2449

UNCLAS OTTAWA 0573

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, CA

SUBJECT: AGRICULTURAL TRADE PROBLEM -- TARIFF QUOTA ON LIVE CATTLE

1. SUMMARY: GOC OFFICIALS HAVE EXPRESSED CONCERN ABOUT WAY IN WHICH U.S. CUSTOMS IS APPLYING TARIFF QUOTA ON LIVE CATTLE. EMBASSY RECOMMENDS CONSIDERATION OF MEASURES TO ALLEVIATE PROBLEM. END SUMMARY.

2. LIVE CATTLE WEIGHING 700 POUNDS OR MORE ENTER U.S. UNDER TSUS ITEM 100.53 AT DUTY RATE OF 1.5 CENTS PER POUND FOR NOT OVER 400,000 HEAD PER YEAR OF WHICH NOT OVER 120,000 HEAD MAY ENTER IN ANY QUARTER. CATTLE ABOVE THESE LIMITS ENTER UNDER TSUS ITEM 100.55 AT HIGHER DUTY RATE OF 2.5 CENTS PER POUND. CANADA IS THE MAJOR SUPPLIER UNDER THIS ITEM, BUT CATTLE ALSO ENTER FROM MEXICO AND OTHER COUNTRIES.

3. GOC OFFICIALS HAVE INFORMALLY EXPRESSED CONCERN TO EMBASSY ABOUT "FUZZY" WAY IN WHICH THE HIGHER DUTY IS APPLIED WHEN THE ITEM 100.53 LIMITS ARE EXCEEDED. THEY ALLEGE THAT PROCEDURES FOLLOWED BY U.S. CUSTOMS HAVE UNCLASSIFIED

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CREATED AND ARE STILL CREATING PROBLEMS FOR THE TRADE. SPECIFICALLY, IN THE JANUARY/MARCH 1976 QUARTER, U.S. IMPORTS EXCEEDED THE 120,000 HEAD QUOTA BUT U.S. CUSTOMS DID NOT APPLY THE DUTY UNTIL AFTER THE QUARTER ENDED. CUSTOMS BROKERS WERE NOT BILLED FOR THE EXTRA DUTY UNTIL APRIL AND MAY FOR CATTLE THAT ENTERED IN MARCH. MORE RECENTLY CUSTOMS HAS REPORTEDLY BEGUN TO

REQUIRE PAYMENT OF THE OVER-QUOTA DUTY WHEN IMPORTS REACH 85-90 PERCENT OF THE QUOTA. WE ARE INFORMED THAT IN THE OCTOBER/DECEMBER QUARTER, CUSTOMS BEGAN TO APPLY THE 2.5 CENT DUTY ON DECEMBER 17, WITHOUT ANY ADVANCE NOTICE, BECAUSE IMPORTS HAD REACHED 90 PERCENT OF QUOTA. IN THE LATTER INSTANCE CANADIAN CATTLE TRADERS WHO FOLLOW THE MARKET DAILY DID NOT BELIEVE THAT CATTLE MOVEMENTS WOULD TRIGGER THE OVER-QUOTA DUTY AND WERE CAUGHT BY SURPRISE.

4. EMBASSY RECOMMENDS THAT U.S. CUSTOMS CONSIDER WAYS TO ALLEVIATE PROBLEM WHICH PRESENT PROCEDURES SEEM TO BE CREATING FOR TRADE. MEASURES MIGHT INCLUDE, FOR EXAMPLE, CLEAR PUBLIC STATEMENT OF PROCEDURES THAT CUSTOMS INTENDS TO FOLLOW AND PERIODIC, UP-TO-DATE PUBLIC NOTIFICATION OF STATUS OF IMPORTS DURING QUARTER AND YEAR. (WOULD CURRENT LEVEL OF COMPUTERIZATION OF ENTRY DATA PERMIT DAILY OR WEEKLY NOTIFICATIONS?) EMBASSY BELIEVES THAT PROMPT ACTION ALONG THESE LINES WOULD BE CONSISTENT WITH GENERALLY COOPERATIVE RELATIONSHIP WE HAVE ENJOYED WITH CANADA IN THIS SECTOR OF TRADE AND WOULD REDUCE POSSIBILITY THAT ISSUE WILL BECOME SIGNIFICANT IRRITANT IN BILATERAL RELATIONS.
ENDERS

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Sent Date: 14-Feb-1977 12:00:00 am
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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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